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MINISTRY OF COMMERCE

NOTIFICATION

INSURANCE

New Delhi, the 9th June 1950

No. 102-Ins. E(2)/50.—The following draft of certain further amendments to the Insurance Rules, 1939, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (2) of section 114 of the Insurance Act, 1938 (IV of 1938), as amended by the Insurance (Amendment) Act, 1950 (XLVII of 1950), and read with section 22 of the General Clauses Act, 1897 (X of 1897), is published, as required by sub-section (1) of the former section, for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration by the Central Government on or after the 15th day of July 1950. Any objection or suggestion which may be received from any person with respect to the draft before the said date will be considered by the Central Government.

Draft Amendments to the Insurance Rules

A. In the said Rules,—

I. For the words "Superintendent of Insurance" and "Superintendent" wherever they occur, the word "Controller" shall be substituted.

II. For Rule 2, the following Rule shall be substituted, namely:—

"2. *Definitions.*—In these Rules,—

- (i) "the Act" means the Insurance Act, 1938 (IV of 1938);
- (ii) "the Bank" means the Reserve Bank of India;
- (iii) "Bombay area" means the area comprising the States of Bombay, Kutch, Madhya Pradesh, Saurashtra, Vindhya Pradesh and Hyderabad;
- (iv) "Calcutta area" means the area comprising the States of Assam, West Bengal, Bihar, Orissa and Uttar Pradesh;
- (v) "Delhi area" means the area comprising the States of Delhi, Ajmer, Punjab, Himachal Pradesh, Madhya Bharat, Rajasthan, the Patiala and East Punjab States Union and Jammu and Kashmir.

- (vi) "Madras area" means the area comprising the States of Madras, Travancore-Cochin and Mysore; and
- (vii) words used but not defined in these Rules have the meanings respectively assigned to them in the Act."

III. After Rule 10, the following heading and Rules shall be inserted, namely;—

"SECURITIES AND INVESTMENTS

10A. *Pakistan securities*.—Securities guaranteed fully as regards principal and interest by a Provincial Government in Pakistan or charged on the revenues of any part of that Dominion and debentures or other securities for money issued by or on behalf of the trustees of the Port of Karachi shall be recognised, in the case of insurers incorporated or domiciled in India, as approved securities—

- (a) for the purposes of sections 7, 98 or 73, if such securities had been deposited with the Bank in pursuance of the Act before the 15th day of August 1947, and continue to be so deposited with the Bank since that date, and
- (b) for the purposes of sections 27 and 27A, if such securities had been acquired by an insurer or a provident society before the 15th day of August 1947, and continue to be held since that date by the insurer or the provident society

10B. *Assets deemed to be approved investments*.—For the purposes of sub-section (1) of section 27 of the Act, the following assets shall be deemed to be assets invested or kept invested in approved investments specified in sub-section (1) of section 27A of the Act:—

- (a) interest, dividend and rents (outstanding and accrued);
- (b) cash in hand and with banks in current account;
- (c) bills receivable;
- (d) value of furniture, fittings, machinery, stationery and library but not exceeding Rs. 10,000 or one per cent. of the sum referred to in sub-section (1) of section 27 of the Act, whichever is greater;
- (e) motor cars;
- (f) stamps on hand.

10C. *Returns of investments and changes in investments*.—(1) The return to be furnished under sub-section (1) of section 28A of the Act shall show all the investments made out of the controlled fund and subsisting as at the 31st day of December of the preceding year and shall be in Form IV-A.

(2) The return to be furnished under sub-section (2) of section 28A of the Act shall be in Form IV-B.

10D. *Charging Assets*.—An insurer may subject the assets forming his controlled fund, not being securities kept invested in pursuance of sub-section (1) of section 27, to a charge in favour of a banking company for the purpose of raising an over-draft, and investing the money so raised:

Provided that the assets charged do not exceed in value 10 per cent. of the controlled fund and the charge is created for a period not exceeding three months."

IV. After Rule 12, the following heading and Rules shall be inserted, namely:—

“COMMITTEES OF THE INSURANCE COUNCILS

12A. *List of Insurers.*—The Controller shall cause to be published in the Gazette of a list of the members and associate members of the Life Insurance and General Insurance Councils of the Insurance Association of India once every year in the month of January.

12B. *Constituencies of Insurers.*—(1) Members of the Insurance Association of India who are insurers carrying on life insurance business and having a premium income in such business of more than three lakhs of rupees in the preceding year shall elect four individuals as members of the Executive Committee of the Life Insurance Council of the Insurance Association of India in the following manner:—

- (a) one individual by such members as have their head offices in the Calcutta area;
- (b) two individuals by such members as have their head offices in the Bombay area;
- (c) one individual by such members as have their head offices in the Delhi and Madras areas, the members in each area alternately electing the individual, the first election being held in the Delhi area.

(2) Members of the Insurance Association of India who are insurers carrying on life insurance business and having a premium income in such business of less than three lakhs of rupees in the preceding year shall elect four individuals as members of the Executive Committee of the Life Insurance Council of the Insurance Association of India in the following manner:—

- (a) one individual by such members as have their head offices in the Calcutta area;
- (b) one individual by such members as have their head offices in the Bombay area;
- (c) one individual by such members as have their head offices in the Madras area;
- (d) one individual by such members as have their head offices in the Delhi area.

(8) Members of the Insurance Association of India who are insurers carrying on general Insurance business shall elect eight individuals as members of the Executive Committee of the General Insurance Council of the Insurance Association of India in the following manner:—

- (a) two individuals by such members as have their head offices in the Calcutta area, one individual being elected by members who have a premium income in such business of more than ten lakhs of rupees in the preceding year and the other being elected by the rest of such members;
- (b) four individuals by such members as have their head offices in the Bombay area, two individuals being elected by members who have a premium income in such business of more than five lakhs of rupees in the preceding year and the other two being elected by the rest of such members;
- (c) one individual by such members as have their head offices in the Madras area;

(d) one individual by such members as have their head offices in the Delhi area;

(4) For the purpose of this rule if any dispute arises as to which area an insurer belongs, or as to the premium income of an insurer, the Controller shall decide the question and his decision shall be final.

Explanation.—In this rule preceding year means the calendar year preceding the calendar year in which the election takes place.

12C. *Duties of Dissolved Executive Committees.*—When the Executive Committee of the Life Insurance Council or of the General Insurance Council is dissolved, the outgoing members thereof who continue to hold office until a new executive Committee is constituted, shall be entitled to discharge the following duties in the meantime:—

- (a) keep and maintain up-to-date a copy of the list of all members and associate members of the Life Insurance Council or the General Insurance Council, as the case may be;
- (b) supervise the work of officers and servants employed by the Committee;
- (c) collect the prescribed fees; and
- (d) help the Chairman and the Secretary to conduct the necessary elections to the new Executive Committee.

12D. *Joint Meetings of Executive Committees.*—(1) When a request is received by the Central Government from

- (a) the Controller of Insurance, or
- (b) six individuals who are members of either or both of the Executive Committees of the Life Insurance Council and the General Insurance Council, or
- (c) thirty insurers

that a joint meeting of the two Executive Committees should consider a matter specified in the request, the Central Government may, on being satisfied that the matter is one of common interest to the two Executive Committees, direct that a joint meeting of the two Executive Committees be convened to consider the matter.

(2) It shall be the duty of the Chairman of the two Executive Committees to convene, as soon as may be after the issue of the direction under preceding sub-rule a joint meeting of all the members of the two Executive Committees at such place and at such time and date as the two Chairmen may decide.

(3) At such meeting, one of the two Chairmen shall be elected by the members present to preside and the matter referred to and no other matter shall be considered.

(4) The meeting may be adjourned from time to time to be held not necessarily at the same place, with the consent of the members present for further consideration of the matter or for considering a report from any sub-committee appointed for the purpose by the members present, but minutes of each meeting shall be kept and a copy thereof shall be furnished to the Controller of Insurance immediately after the meeting."

V. In Rule 14(7) for the figure and letter "IV-A" the figure and letter "IV-C" shall be substituted.

VI. For Rules 16-17A inclusive, the following headings and Rules shall be substituted, namely:—

“LICENCES AND CERTIFICATES

16 *Licence fee for insurance agents and collection thereof.*—The fee for obtaining or renewing a licence to act as an insurance agent shall be Rs. 5/- provided that an additional fee of Rs. 2/- shall be paid if the application for the renewal of the licence does not reach the Controller at least 30 days before the date on which the licence ceases to remain in force.

16A. *Issue of licences to insurance agents.*—An individual who desires to obtain or renew a licence to act as an insurance agents shall proceed as follows.—

- (a) He shall obtain from the Controller of Insurance a form of application for a licence which Form shall be as prescribed in Form V or V-A. Form V shall be used where the applicant applies for a licence for the first time or for a fresh licence, while form V-A shall be used when the applicant applies for the renewal of the licence already held by him.
- (u) H shal obtain from the Controller of Insurance a form of application form with the fee which shall be paid in the form of stamps to the value of Rs. 5/- or Rs. 7, as the case may be, and the stamp shall be affixed to the application in the proper place and superscribed with his signature.
- (c) The Controller of Insurance or the officer authorised by him under sub-section (1) of section 42 of the Act shall, after taking all reasonable steps to satisfy himself that the application is in order and that the applicant is not disqualified from holding a licence, issue a licence to him. The licence shall be in Form V-B attached to the application form in Form V or V-A as the case may be. No application shall be considered by the Controller of Insurance unless the particulars required to be filled in by the applicant in Form V-B have been filled in by him.
- (d) No application for the renewal of licence will be accepted if it reaches the Controller on or after the date on which the licence ceases to be in force:

Provided, however, that if an applicant desires that his application should be considered under the proviso the sub-section (3A) of section 42 of the Act, he shall forward along with such application a request to that effect, with stamps to the value of Rs. 30/- affixed thereon and superscribed with his signature, and a statement of all the facts and particulars which are to be taken into consideration by the Controller for the purpose of examining whether undue hardship would be caused if no renewal of licence is granted:

Provided further that the applicant, if required to do so by the Controller, shall furnish documentary proof of any of the particulars or facts mentioned in the statement referred to above.

16B. *Bona fide insurance agents for the purposes of section 41.*—The conditions to be satisfied by an insurance agent to establish that he is a *bona fide* insurance agent employed by the insurer for the purposes of the proviso to sub-section (1) of section 41 of the Act shall be the following namely:—

- (a) He must have secured policies on six different lives excluding his own.
- (b) He must have been an insurance agent continuously from the time of his soliciting or procuring the first policy on each of such six

lives or proposing for the policy on his own life, whichever is earlier, till the time when the policies on those six lives and the policy on his own life have all been issued.

16C. *Fee for Principal, Chief and Special agents.*—The fee for obtaining or renewing a certificate to act as a principal agent or chief agent shall be twenty-five rupees, and the fee for obtaining or renewing a certificate to act as a special agent shall be ten rupees:

Provided that an additional fee of five rupees in the case of a principal agent or a chief agent, and three rupees in the case of a special agent, shall be paid, if the application for renewal of the certificate reaches the Controller on or after the date on which the certificate ceases to be in force but within 12 months of the aforesaid date.

16D. *Issue of certificates to Principal, Chief and Special Agents.*—A person, who desires to obtain or renew a certificate to act as a principal agent, or chief agent or special agent, shall proceed as follows:—

- (a) He shall obtain from the Controller a form of application for a certificate which form shall be as prescribed in Form V-C or Form V-D. Form V-C shall be used when an applicant applies for a certificate for the first time, or for a fresh certificate, while Form V-D shall be used when the applicant applies for the renewal of the certificates already held by him. No application for the renewal of a certificate will be accepted if it reaches the Controller after a period of 12 months from the date on which the certificate ceases to be in force.
- (b) He shall then send to the Controller the completed application form with stamps to the value of Rs. 25/- or Rs. 80/- or Rs. 10/- or Rs. 13/- as the case may be, affixed thereon in the proper place and superscribed with his signature.
- (c) The Controller or the officer authorised by him under sub-section (1) of section 42A of the Act shall, after taking all reasonable steps to satisfy himself that the application is in order and that the applicant is not disqualified from holding a certificate, issue a certificate in Form V-E.

16E. *Issue of duplicate licences and certificates.*—(a) A person to whom a licence or a certificate has been issued shall, if such licence or certificate has been lost, destroyed or mutilated, submit to the Controller an application requesting the issue of a duplicate licence or certificate with a fee of Re. 1/- in the case of a licence, and Rs. 2/- in the case of a certificate, paid in the form of stamp duly affixed thereon and superscribed with his signature and with a declaration giving full details regarding the issue and loss, destruction or mutilation of the licence or certificate, and the mutilated pieces, if any, shall be returned to the Controller with the said application.

(b) The Controller, after satisfying himself that the original licence or certificate has been lost, destroyed, or mutilated, issue a duplicate licence in Form V-B or a certificate in Form V-E as the case may be, with an endorsement thereon that it is a duplicate.

16F. *Description of stamp.*—Any fee specified in Rules 16, 16A, 16C, 16D and 16E shall be paid in the form of "Government of India Insurance Agent Licence Fee" stamps available from a Government treasury.

16G. *Allowance for unused stamps.*—Where an applicant for a licence or a certificate has inadvertently used 'Government of India Insurance Agent Licence Fee' stamp of a greater value that is necessary or where no licence or certificate in respect of an application bearing such stamp has been issued, refund may

be made of the excess of the necessary fee or of the value of the stamp, as the case may be, on such application.

16H. *Cancellation of licences or certificates.*—Where the controller cancels the licence of an insurance agent under sub-section (5) of section 42 or the certificate of a principal or chief or special agent under sub-section (4) of section 42A, he shall—

- (a) inform all the officers authorised by him under sub-section (1) of section 42 or 42A that the licence or the certificate, as the case may be, has been cancelled;
- (b) require the person concerned to return the licence or certificate issued to him; and
- (c) cause the fact of cancellation to be published in the Gazette of India and in such State Gazette or Gazettes as he deems fit.

SHARES, OWNERSHIP AND DISPOSAL

17. *Declaration as to the nature of ownership of shares.*—The declaration to be furnished by a transferor in pursuance of clause (b) (i) of sub-section (4) of section 6A of the Act to a public company limited by shares having its registered office in the States and carrying on life insurance business shall be in Form V-F.

17A. *Declaration as to beneficial interest in shares.*—The declaration to be made in pursuance of sub-section (5) of section 6A of the Act to a public company limited by shares having its registered office in the States and carrying on life insurance business by a person who has any interest in any of its shares standing in the name of another person shall be in Form V-C.

17B. *Disposal of shares by Administrator-General.*—As soon as the Administrator-General of a State has taken charge of any shares of a public company vesting in him under sub-section (8) of section 6A of the Act, he shall furnish full details of the shares to the Controller and he shall try, as soon as may be, to sell the shares, whether as a whole or in part or whether in the open market or by private sale, at a price not lower than the price fixed by the Controller who may vary the price fixed from time to time. The proceeds shall be handed over to such person as, in the opinion of the Administrator-General, is by law entitled thereto.

LIMITATION OF EXPENSES OF MANAGEMENT

17C. *Statement on the Bases of Premiums.*—(1) The statement of the bases of premiums under sub-section (1) of section 40B of the Act shall be in Form V-H.

(2) In respect of premiums currently used by an insurer at the commencement of the Insurance (Amendment) Act, 1950, the statement of the bases of premiums certified by an actuary shall be furnished to the Controller within six months from such commencement.

(3) A statement on the bases of premiums to be newly used after such commencement certified by an actuary shall be furnished to the Controller before such premiums are offered by the insurer to prospective policyholders.

17D. *Limitation of expenses of management in life insurance business.*—After the 31st day of December, 1950, no insurer shall, in respect of the life insurance business transacted by him in India, spend as expenses of management in any calendar year an amount exceeding the aggregate sum of—

- (i) five per cent. of all premiums received during the year on policies granting an immediate annuity or a deferred annuity in

consideration of a single premium, and five per cent. of all premiums received on other single premium policies during the year;

- (ii) ten per cent. of all first year's premiums and four per cent. of all renewal premiums, received during the year on policies granting deferred annuity in consideration of more than one premium;
- (iii) one-twentieth of one per cent. of the total sum assured by policies on which no further premiums are payable;
- (iv) one per cent. of all annuities paid during the year;
- (v) an amount computed on the basis of the percentages for the time being appropriate to the duration of the insurer's life insurance business specified in the following table, namely:—

Duration of insurer's life insurance business	Percentage of premiums (less reinsurance) received during the year	
	of first year's premiums	of renewal premiums
First four years	100	20
Fifth to seventh years	96½	18½
Eighth to tenth years	93	17
After the tenth year, if the insurer's business in force		
(a) is less than two crores of rupees	90	17
(b) is less than five crores of rupees but not less than two crores of rupees	90	16
(c) is not less than five crores of rupees	90	15

Provided that the percentages specified in the above table shall in respect of any first year's premium where the maximum premiums paying period under the policy is not throughout life nor more than eleven years, be reduced to a number equal to seven and a half times the number of whole years in that period.

Explanation — In this rule, "business in force" means, in relation to any expense incurred, the total sum assured, with bonuses, without taking into account reinsurances ceded or accepted, by an insurer in respect of the whole of his life insurance business on the last working day of the year preceding the calendar year in which the expense is incurred.

17E. Limitation of expenses of management in general insurance business.—

(1) After the 31st day of December 1949, no insurer shall, in respect of general insurance business transacted by him in India other than marine insurance business, spend in any calendar year as expenses of management, including commission or remuneration for procuring business an amount exceeding the sum of—

- (i) the amount of commission or other remuneration paid to insurance agents and principal agents in respect of that business transacted in the year but not exceeding 10 per cent of the gross premium income written direct in India in respect of that business in the year; and

- (ii) an amount computed on the bases of the percentages appropriate to the various parts of total gross premium income written direct in India during the year:

Part of the total gross premium income of the insurer written direct in India	Percentage of premiums
First 10 lakhs of rupees	35
Next 5 lakhs of rupees	32½
Next 5 lakhs of rupees	30
Next 7½ lakhs of rupees	27½
Next 7½ lakhs of rupees	25
Next 10 lakhs of rupees	22½
The balance	20

(2) After the 31st day of December 1949, no insurer shall, in respect of marine insurance business transacted by him in India, spend in any calendar year as expenses of management, including commission or remuneration for procuring business an amount exceeding the sum of—

- (i) the amount of commission or other remuneration paid to insurance agents and principal agents in respect of that business transacted in the year but not exceeding in amount ten per cent. of the gross premium income written direct in India in respect of that business in the year; and

- (ii) an amount computed on the basis of percentages appropriate to the various parts of his total gross premium income written direct in India during the year:

Part of the total gross premium income of the insurer written direct in India	Percentage of premiums
First 5 lakhs of rupees	25
Next 5 lakhs of rupees	22½
Next 5 lakhs of rupees	20
Next 7½ lakhs of rupees	17½
The balance	15

(3) Notwithstanding anything contained in sub-rules (1) and (2), an insurer may during the first ten years of his general insurance business, spend in any calendar year as expenses of management including commission or remuneration for procuring business an additional amount, in respect of his general insurance business, not exceeding—

- (i) during the first three years, the interest earned on the paid-up capital in that year;

- (ii) during the second three years, an amount equal to 10 per cent. of the gross premium income written direct in India.

- (iii) during the seventh and eighth years, an amount equal to 6 per cent. of the gross premium income written direct in India;
- (iv) during the ninth and tenth years, an amount equal to 3 per cent. of the gross premium income written direct in India

Explanation—For the purposes of this rule, where two insurers carry on general insurance business, one of whom stands to the other in the relation of a subsidiary company within the meaning of the Indian Companies Act, 1913, the percentages specified in this rule shall be deemed to be the percentages of the aggregate premiums of the two insurers, and the two insurers together shall not spend as expenses of management anything in excess of the limits specified herein.

17F. *Head Office expenses*.—The share of the Head Office expenses in the case of an insurer having his principal place of business outside India for the purposes of sections 40B and 40C of the Act shall not be less than—

- (i) in respect of life insurance business 10 per cent. of the first year's premium as shown in the revenue account, and 1 per cent. of the renewal premiums as shown in the revenue account in respect of that business transacted in India during the year; and
- (ii) in respect of general insurance business 5 per cent. of the gross premium income written direct in India during the year in respect of that business.

CONTRAVENTION OF LIMITATION OF EXPENSES AND TARIFF REGULATIONS

17G. *Action against Extravagant Life Insurers*.—(1) If it appears from the report of an actuarial valuation under sub-section (3) of section 64K of the Act read with the statutory returns relating to accounts that the insurer concerned is insolvent, the Controller may cancel the registration of such insurer and request the Executive Committee of the Life Insurance Council to consider whether in the circumstances of the case it is possible to have the business of the insurer reconstructed or whether some other insurer is willing to take over the business.

(2) When such a request is received, the Executive Committee of the Life Insurance Council shall meet not later than one month of the receipt of such request to consider the matter and within 3 days of such meeting shall communicate its decision to the Controller.

(3) If the Executive Committee is unable to meet within the time specified in sub-rule (2) or is unable to suggest any practical steps for the reconstruction or transfer, the Controller may as soon as may be apply to the Court for the winding up of that insurer

(4) If the valuation under sub-section (3) of section 64K does not disclose a company to be insolvent, the actuary making the investigation shall append to his report a statement whether an encroachment on the bonus loadings contained in the premiums has occurred and whether such encroachment is due either partly or wholly to heavy expenses incurred by the company after giving credit for any profits made in other directions. The Controller may request the Executive Committee of the Life Insurance Council for advice so that such encroachment may neither continue nor recur and the Executive Committee shall meet within a month of the receipt of such request and make such recommendations as it deems fit.

(5) On receipt of the recommendations referred to in sub-rule (3) or sub-rule (4), the Controller may issue such directions to the insurer concerned as he deems fit and if the insurer complies with such directions, the cancelled registration may be revived wherever possible or where it is not so possible, the insurer may be registered afresh.

(6) if the directions are not complied with, the Controller may apply to the Court for the winding up of the insurer.

17H. *Action against Extravagant General Insurers.*—(1) In pursuance of sub-section (3) of section 64M of the Act the Controller may:—

(a) cancel the registration of the insurer under the Act, and

(b) request the Executive Committee of the General Insurance Council to consider practical steps for the reconstruction of the insurer concerned or for transferring its business to some other insurer.

(2) When such a request as is referred to in the preceding sub-rule is received by the Executive Committee of the General Insurance Council, it shall meet not later than one month of the receipt of such request to consider the request and within three days of such meeting shall communicate its decision to the Controller.

(3) The Controller may, after considering the recommendations of the Executive Committee in this behalf apply to the court for the winding up of the insurer concerned if he thinks fit.

17I. *Regional Councils and Committees.*—(1) The General Insurance Council may constitute one Regional Council for each of the Bombay, Calcutta, Delhi and Madras areas.

(2) Any Regional Council so formed shall consist of seven individuals at least four of whom shall be elected by the members of the Insurance Association of India carrying on general insurance business in that area.

(3) Under any such Regional Council there shall be a separate sectional Committee for each of the three classes of insurance, viz. fire, marine and miscellaneous, and each such Committee shall consist of five individuals, of which at least three shall be elected by members of the Insurance Association of India carrying on that class of general insurance business in that area.

17J. *Penalties for Tariff Breaches.*—(1) Where an insurer is guilty of contravening any regulations made under sub-section (1) of section 64 of the Act, the Executive Committee of the General Insurance Council may, after considering the nature and gravity of such contravention, take one or more of the following courses of action against such an insurer:—

(a) Administering a censure or warning in addition to correction of the defect or cancellation of the policy;

(b) imposing a fine not exceeding Rs. 1,000; and

(c) disqualifying him for a limited period not exceeding three years from voting at any election to the Executive Committee, to the Regional Councils or to the Sectional Committees of the Regional Councils.

(2) Where an insurer has been subjected to any penal action under (b) or (c) above, he may appeal to the Central Government within 30 days of the taking of such penal action.

17K. *Appeal by Agents against Disciplinary Action.*—(1) A principal agent or an insurance agent who has been restrained by any Regional Council or any Committee thereof under sub-section (3) of section 64Q of the Act from procuring or causing to be procured general insurance business from any area, may appeal to the Central Government within thirty days of the imposition of such restraint on him.

(2) The Central Government may for the purpose of disposing of any appeal under this rule require such information supported by documentary proof where-ever possible from the agent concerned as it may require."

VII. After Rule 24, the following Rules shall be inserted, namely:—

“24A. *Fees payable on referring Disputed Claims to Controller.*—(1) The fee payable at the time of referring to the Controller a dispute relating to the settlement of a claim on a policy of life insurance under sub-section (1) of section 47A of the Act is rupees ten or one rupee for each hundred rupees or part thereof of the amount of the claim (including any profit or bonus), whichever is greater.

(2) Any fee specified in this rule shall be paid in the form of ‘Government of India Insurance Agent licence Fee’ stamps available on payment from a Government Treasury and the stamps shall be affixed on the application or letter referring the dispute to the Controller and superscribed with the signature of the claimant.

24B. *Fees payable to the Councils*—(1) The fees payable by a member or associate member who is an insurer carrying on life insurance business to the Life Insurance Council in each calendar year shall be computed according to the premium income from life insurance business in the manner specified in items (i) to (vi) in sub-rule (2) of rule 24.

(2) The fees payable by a member or associate member who is an insurer carrying on general insurance business to the General Insurance Council shall be computed according to the total premium income from all classes of general insurance business in the manner specified in items (i) to (vi) of sub-rule (2) of rule 24.

(3) Any fee specified in this rule shall be paid into the Bank or where there is no office of the Bank, into the Imperial Bank of India acting as the Agent of that Bank or into any Government Treasury for credit under the head ‘XXXVJ—Miscellaneous Departments—Miscellaneous Fees realised under the Insurance Act, 1938’ and the receipt shall be sent to the Secretary of the Executive Committee concerned.”

VIII. After Rule 29, the following Rules shall be inserted, namely:—

“30. *Activities of Insurers.*—(1) An insurer may do all acts necessary for making investments permissible under the Act for the protection of such investments and for the realisation of such investments and may in that connection take over and administer mortgaged property until a suitable occasion arises for its disposal.

(2) An insurer carrying on general insurance business may act as the manager in charge of a branch office of another insurer in respect of general insurance business.

31. *Statement of Emoluments.*—The statement of emoluments exceeding Rs. 5,000/- to be furnished under sub-section (2) of section 81B shall be in Form XV.

32. *Guardian for Minor Nominee.*—The holder of a policy of life insurance may, in any case where the nominee is a minor, appoint at the time of making a nomination any person to receive the money secured by the policy in the event of his death during the minority of the nominee, and communicate such appointment to the insurer concerned by forwarding the documents relating to such appointment which should be endorsed by the appointee to show his consent thereto:

Provided that in the case of a nomination made before the commencement of the Insurance (Amendment) Act, 1950, and subsisting at such commencement, the appointment may be made and communicated in the manner aforementioned within six months after such commencement.

33. *Summary of Balance Sheet and Revenue Account.*—The summary to be published in pursuance of section 100 of the Act shall be in Form XVI.”

B. In the Schedule annexed to the said Rules,—

I Form IV-A shall be renumbered as Form IV-C and before that Form as so renumbered the following forms shall be inserted, namely:—

“FORM IV-A

[See Rule No. 10(c) (1)]

Returns of investments of the Controlled Fund of the Insurance Company Limited as at 195 . [See section 284(1)]

(Please see the note appended to the form)

Part A (Investments approved under Section 27A (1) of the Insurance Act.)

(1) Government securities and other securities charged on the revenues of the Central Government or of the Government of a Part A State or guaranteed fully as regards principal and interest by the Central Government or the Government of any part A State and securities issued or guaranteed fully as regards principal and interest by the Government of a Part B State and specified as approved securities by the Central Government.

Full description of the security	Date of purchase	Date of Maturity	Date of Interest	Face Value	Book Value	Market Value	Remark

(2) Approved securities other than Government securities of a Part B State referred to in item (1) above [See Section 2(3).]

Full description of the security	Date of Purchase	Date of Maturity	Rate of Interest	Face Value	Book Value	Market Value	Remarks

(3) Securities guaranteed fully as regards principal and interest by a Provincial Government in Pakistan or charged on the revenues of any part of that Dominion and debentures of other securities for money issued by or on behalf of the Port of Karachi and satisfying the requirements of Rule 30 of the Insurance Rules.

Description of the Security	Date of Purchase	Date of Maturity	Rate of Interest	Face Value	Book Value	Market Value	Remarks

(4) Debentures or other securities for money issued with the permission of the State Government by any Municipality in a State. [See Section 27-A(1) (c)]

Description of the De-benture or Security.	Date of Purchase	Date of Maturity	Rate of Interest	Face Value	Book Value	Market Value	Remarks

(5) Debentures or other securities for money issued by any authority constituted under any housing or building scheme approved by the Central Government or a State Government or by any authority or body constituted by any Central Act or Act of a State Legislature.

[See Section 27A(1) (d)]

Name of the housing or building Scheme	Name of the Govt. approving the scheme or the Act under which the scheme is constituted	Date of investment	Maturity date of the Debentures or security	Rate of Interest	Face Value	Book Value	Market Value	Remarks

(6) First Mortgages on immovable property situated in India under any housing or building Scheme of the insurer approved by the Central or a State Government.

[See Section 27A(1) (e)]

Location of the property	Value of the property (date of last valuation of the property)	Amount advanced	Date of Advance	Rate of Interest	Name of the State approving the scheme and date of approval	Amount outstanding		Remarks
						Principal	Interest *	

* To be stated if outstanding for more than one year.

(7) Debentures secured by a first charge on any immovable property, plant or equipment, of any company which has paid interest in full for five years immediately preceding or for at least five out of the six or seven years immediately preceding on such or similar debentures issued by the company.

[See Section 27A(1) (f)]

Name of the company	Date of issue of debentures	Date of purchase by the insurer	Whether the charge is on property, plant or equipment	Rate of Interest	Face Value	Book Value	Market Value	Remarks

(8) Debentures secured by a first charge on any immovable property, plant or equipment of any company where, either the book value or the market value, whichever is less, of such property, plant or equipment is more than three times the value of the debentures.

[See Section 27A(1) (g)]

Name of the company	Date of purchase	Date of Maturity of the debentures	Face Value	Book Value	Market Value	Rate of Interest	Remarks

(9) First Debentures secured by a floating charge on all the assets of any Company which has paid dividends on its ordinary shares for the five years immediately preceding or for at least five years out of the six or seven years immediately preceding.

[See Section 27A(1) (h)]

Name of the Company	Date of purchase by the insurer	Date of maturity of Debentures	Rate of Interest	Face value	Book value	Market value	Remarks

(10). Preference shares of any company which has paid dividends on its ordinary shares for the five years immediately preceding or for at least five out of the six or seven years immediately preceding.

[See Section 27A(1) (i)]

Name of the Company	Date of purchase by the insurer	Rate of Interest	Face value	Book value	Market value	Remarks

(11) Preference shares of any company on which dividends have been paid for the five years immediately preceding or for at least five out of six or seven years immediately preceding and which have priority in payment over all the ordinary shares of the company in winding up.

[See Section 27A(1) (j)]

Name of the Company	Date of purchase	Face value	Rate of Interest	Book value	Market value	Remarks

(12) Shares of any company guaranteed by another company such other company having paid dividends on its ordinary shares for the five years immediately preceding or for at least for one of the six or seven years immediately preceding.

[See Section 27A(1) (k)]

Name of the Company	Name of the guaranteeing company	Date of purchase	Face value	Book value	Market value	Whether proviso to Sec. 27-A (1) (k) complied with	Remarks

(13) Shares of any company on which dividends of not less than four per cent. including bonus have been paid for seven years immediately preceding or for at least seven out of the eight or nine years immediately preceding.

[See Section 27A(1) (l)]

Name of the Company	Date of purchase	Face Value	Book Value	Market Value	Remarks

(14) First Mortgages on immovable property situated in the States or in any Country where the insurer is transacting insurance business.

[See Section 27A(1) (m)]

Situation of the property and name of the owner	Whether land or buildings or both	Whether land is leasehold or free-hold	Outstanding term of the mortgage if property is lease-hold	Type of mortgage	Date of mortgage	Value of the land

Value of the Buildings	Date of last valuation of the property	Amount advanced on the Mortgage		Rate of Interest	Outstanding amount		Remarks
		Land	Buildings		Prin- cipal	Inter- est	

(15). Immovable Property situated in the States or in any country where the Insurer is transacting insurance business.

[See Section 27A(1) (n)]

Situation of the property	Land or Building or both	Whether land is lease-hold or free-hold	Date of purchase	Amount invested by the insurer	Net Annual Rental Value of the property	Whether free from all encumbrances	Remarks

[See Section 27A(1) (o)]

Amount of Loan outstanding on the date	Amount of interest outstanding on the date	Advance under automatic Non-forfeiture scheme of the insurer	Interest on the automatic Non-forfeiture Advance	Remarks

[See Section 27A(1) (o) and (p)]

Date of purchase or grant of loan on life interest	Value of the Life Interest	Purchase price or Amount of Loan	Whether the transaction is covered by any Life Policy	Whether the Value is certified by an actuary	Remarks

[See Section 27A(1) (q)]

Name of the Bank or Co-operative Society with addresses	Date of Deposit	Rate of Interest	Period of deposit	Amount of deposit	Whether section 27A(9) satisfied	Whether provision to section 27A(9) attracted	Remarks

[See Section 27A(1) (r)]

[illegible]

(20) Other investments notified under Clause (s) of sub-section (1) of section 27A,

Description of the investment	Date of Purchase	Face Value	Book Value	Market Value	Interest or dividend paid last	Remarks

PART B

(Relating to investment held invested under Section 27A(2) of the Insurance Act in respect of which a resolution has been adopted in terms of that Section).

Rs.

(1) 15 per cent. of the sum referred to in sub-section (1) of section 27 of the Insurance Act as at the date of this return.

(2) Particulars of investment.

Name of the company whose shares or debentures are held by the insurer/description of investments	Date of purchase	Date of maturity	Face Value	Book Value	Market Value	Names of Directors of the insurer interested in the investment	Extent of interest of Directors	Whether the Section 27A (3), (4) and (5) satisfied	Remarks

TOTAL

PART C

Particulars of investments other than those shown in Part A, Part B and Part D and not satisfying the requirements of sub-section (1)^{sc} and (2) but complying with the requirements of sub-section (3) and (4) of Section 27A

Description of the investment (including the name of the Co.)	Date of Investment	Face Value	Book Value	Market Value	Names of the Directors of the insurer interested in the investment	Extent of interest of Director	Remarks

PART D

Particulars of investments not satisfying the requirements or sub-section (3) and (4) of Section 27A.

I

Description of the Investment (including the name of the Company in which is invested)	Total value of the Investment	Amount held invested in excess of the requirements of				Date of investment	Names of the director's of the insurer who are interested in the investment	Extent of each directors interest in the Company	If the Investment is shown in Part A or Part B of the statement, indicate it by cross reference	Remarks
		Sub-section (3)		Sub section (4)						
		Clause (a)	Clause (b)	Clause (a)	Clause (b)					

II

Particulars of Investments not satisfying the requirements of sub-section (5) of Section 27A.

Name of the Company	Date of Investment	Face Value	Book Value	Market Value	Names of Directors of Insurer interested in the private Company	Extent of Directors Interest	Remarks

I hereby certify that the particulars furnished in the return are true and complete to my knowledge.

Principal Officer.

Date:

NOTE TO FORM IV-A

I. (a) Market value of securities, debentures, shares etc., should be ascertained from published quotations. Where published quotations are not available, it should be stated in the remarks column how the market values have been arrived at.

(b) If 'accrued interest' has been added to the market value, it should be so stated in the Remarks column.

(c) In the case of shares and debentures of Companies, the location of the Companies should also be stated.

(d) In the case of mortgages of property and properties owned by the insurer, location of each property should be separately stated.

(e) In case of investments made on and after the 19th January 1950, the date of purchase should be given.

II In respect of investments in Part A of the statement, investments which were approved at the time of the last statement but ceased to be so subsequently should be distinctly marked by double asterisks.

III Investments held in deposit under section 7 or 98 of the Act should also be included in the return.

FORM NO IV-B

See Rule No 10(c) (2)

Return showing all the changes that occurred in the investments of the
Controlled Fund of Insurance Company Ltd. during the
quarter ending 195 .

[See Section 18A(2)]

(1) Purchase during the quarter ending

195 .

Description of the investment	Rate of Purchase	Purchase price	Face Value	Book Value	Market Value	State whether the investment complies with Sec. 27A (1)	State whether the additions to the existing holding if any would attract Sec. 27 A(3) or (4)

(2) Sales during the quarter ending

195 .

Description of the Investment	Date of Sale	Sale Price	Amount realised by the sale	Face value of investment sold	Book value of the investment sold	Date of purchase of the investment now sold	Purchase price of the investment now sold

*To be given in the case of investments made after 19th January, 1950.

If made before the said date it may be so stated in the columns.

See also Note I (a) to I (d) on Form IVA"

2 Form VI shall be renumbered as Form V-B, and after that form as so renumbered, the following forms shall be inserted, namely —

FORM V-C

Application for a certificate to act as a Principal/Chief/Special Agent.

[See Rule 16D(a)].

To
The Controller of Insurance,
Department of Insurance, Simla.

Dear Sir,

It is requested that a certificate to act as a Principal/Chief/Special Agent may be granted to me/our Firm/our Company. I/we am/are/will be working for and the functions that will be entrusted to me/us are

*2. It is hereby declared that—

- (i) I/any partner of our Firm/any director of our Company have/has not been found to be of unsound mind by a court of competent jurisdiction;
- (ii) I/any partner of our Firm/any director of our Company have/has not been found guilty of criminal mis-appropriation or criminal breach of trust, or cheating or forgery, or an abetment of or attempt to commit any such offence by a court of competent jurisdiction; and
- (iii) I/any partner of our Firm/any director of our Company have/has not been found guilty of or to have knowingly participated in or connived at any fraud, dishonesty or misrepresentation against an insurer or an insured in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance Company or in the course of an investigation of the affairs of an insurer.

*3. It is also declared that the particulars given below are true and that the certificate for which I/our Firm/our Company apply will be used only by myself/our Firm/our Company for causing insurance business to be solicited or procured.

- (1) Full name of the applicant (in Block letters) (in the case of an individual)
- (2) Full address
- (3) (i) (In the case of a firm) the names of all the partners therein;
(ii) (In the case of a company) the names of the directors
- (4) In the case of an individual
 - (a) date of birth in Christian Era
 - (b) Age on the date of application.
- (5) Did the applicant ever apply for a certificate to act as a Principal/Chief/Special Agent before? It so state
 - (a) Whether the certificate was granted, and in that case the No. and date of expiry of the last certificate,

*Strike out portion not required.

(b) Whether the certificate was refused.
In that case the No. and date of the
letter conveying refusal of the
certificate;

(c) Whether the certificate was granted
but subsequently cancelled. In that
case the No. and date of the letter
conveying cancellation of certificate;

N.B.—Replies to (a), (b) and (c) to be given only if the reply to the main
query is in the affirmative.

*Strike out portion not required.

Yours faithfully

Name of place
Date

Govt. of India Insurance Agent
Licence Fee Stamp (s)

(Signature of applicant)

FORM V-D

Application for renewal of certificate to act as a Principal/Chief/Special Agent.

[See Rule 16D(a)]

From

(Name of Principal/Chief/Special Agent)
(In block letters)

Full address

(In block letters)

To

The Controller of Insurance,
Department of Insurance, Simla.

Dear Sir,

Certificate No.

Date of Expiry

It is requested that the above certificate may be renewed for a further
period of one year

*2. It is hereby declared that since the date of my/our Firm's/our Com-
pany's last application for a certificate—

- (i) I/any partner of my firm/any director of our Company have/has
not been found to be of unsound mind by a court of competent
jurisdiction,
- (ii) I/any partner of my firm/any director of our company have/has
not been found guilty of criminal misappropriation or criminal
breach of trust or cheating or forgery or an abetment of or attempt
to commit any such offence by a Court of competent jurisdiction;
- (iii) I/any partner of my firm/any director of our company have/has
not been found guilty of or to have knowingly participated in or
connived at any fraud, dishonesty or misrepresentation against

an insurer or an insured in the course of any judicial proceedings relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer; and

(iv) my/our firm's/our Company's certificate has not been cancelled at any time by the Controller of Insurance.

B. A certificate from the insurer for whom I am/we are working viz., _____

(Name of Insurer)

to the effect that in the preceding calendar year the provisions of clauses 2 and 4 of Part A/clauses 2 and 3 of Part B of the Sixth Schedule to the Insurance Act, 1938, have been complied with by me/us is attached. The functions entrusted to me/us by the said insurer since the certificate was last renewed or issued were _____

4. It is also declared that the facts stated herein are true and that the certificate for which I/we hereby apply will be used only by myself/ourselves for causing insurance business to be solicited or procured.

*Strike out portion not required.

Yours faithfully,

<p>Government of India Insurance Agent Licence Fee Stamp (s) Vide note 5</p>
--

Dated the

1950

(Signature of the applicant)

(Not Transferable)

FORM V-E.

GOVERNMENT OF INDIA

DEPARTMENT OF INSURANCE

CERTIFICATE NO.

[See Rule 16D(c) of the Insurance Rules, 1939]

CERTIFICATE TO ACT AS PRINCIPAL/CHIEF/SPECIAL AGENT
UNDER SECTION 42A OF THE INSURANCE ACT, 1938.

Name

Address

having paid the prescribed fee and having made the necessary declaration is hereby authorised to act as Principal/Chief/Special Agent for one year from

Simla, dated the

195

Signature of Certificate holder.

Controller of Insurance.

The Certificate is not valid unless it bears a facsimile of the signature of the Controller of Insurance and the initials of a person authorised by him in this behalf and the signature of the certificate holder. The latter should put his signature as soon as the certificate is received.

NOTES

1. If it is desired to renew this certificate for a further period, the procedure laid down in Rule 16 D of the Insurance Rules, 1939 shall be followed, and an application for renewal should reach the Controller of Insurance not earlier than three months before but not later than 12 months after, the certificate expires.

2. No correction in this certificate will be valid unless initialled by the Controller of Insurance or a person authorised by him in this behalf.

Form V-F.

(Sec Rule 17)

From

(Name)

(Occupation)

(Address)

To

The Directors

Insurance Co Ltd.,

In connection with my request for the transfer of Shares Nos.

of your company to my name, I hereby solemnly declare that out of the above shares, I propose

(1) to hold Shares Nos. for my own benefit,

(2) to hold

(i) (a) Shares Nos

as a nominee

(b) jointly with (Name and Address)

for the benefit of

(Name)

(Occupation)

(Address)

(ii) (a) Shares Nos

as a nominee.

(b) jointly with (Name and Address)

for the benefit of

(Name)

(Occupation)

(Address)

(iii) (a) Shares Nos

as a nominee.

(b) jointly with (Name and Address)

for the benefit of

(Name)

(Occupation)

(Address)

(iv) (a) Shares Nos.

as a nominee.

(b) jointly with (Name and Address)

for the benefit of

(Name)

(Occupation)

(Address)

Made at

A.M. on

day the

P.M.

at

Signature.

In the presence of (Witness) Signature
Name and Address

NOTES

1. If the beneficial interest of any person is limited in extent in any way, the extent of beneficial interest should be clearly stated.

2. Strike off those words in cases where the nominee does not hold the shares jointly with any other person or persons.

3. Each beneficial ownership is to be stated separately.

FORM V-G

(See Rule 17A)

From

(Name)

(Occupation)

(Address)

To

The Directors

Insurance Co., Ltd.

In connection with shares Nos. of your company standing in
your share register in the name of (name)
(occupation) (address) I hereby
solemnly declare that out of the above shares,

(i) I am the sole beneficial owner of shares Nos. and I
acquired the beneficial interest before the commencement of the
Insurance

on the day of

195

(Amendment) Act, 1950

(12) in respect of shares Nos _____ I and (name)
 (occupation) (address)
 and (name) (occupation)
 (address) are joint beneficial owners, my
 interest in these share being limited to _____ and was acquired
 below the commencement of the Insurance (Amendment) Act, 1950.
 on the _____ day of _____ 195

Made on _____ day the _____ 1950 at _____

Signature

In the presence of

(witness) Signature

Name & Address

I, _____ of _____ in whose name
 the shares Nos _____ of your company stand in your share
 register, hereby recognise in full the interest claimed in respect of the said shares
 and in token thereof have countersigned the above declaration Signed on the
 day of the _____ 195 .

Signature

In the presence of

(Witness) Signature

Name & Address

FORM V-H

(See Rule 17C)

Statement of the bases of Premiums

Name of the insurer

1. Basis

Mortality

Date of interest

Expenses

Bonus loading

The above basis is the basis underlying the premiums in Tables Nos. _____ of
 the prospectus dated _____ issued by
 _____ company Limited

2 Basis

Mortality

Rate of interest

Expenses

Bonus loading

The above basis is the basis underlying the premiums in Tables Nos. _____
 of the prospectus dated _____ issued by
 _____ Company Limited.

I hereby certify that the bases underlying the premium rates offered by
Company Limited are as set out above

Actuarial

3 After Form XIV the following forms shall be inserted namely —

(See Rule 3J)

(Please see notes below)

[illegible]

Notes: (1) In the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (4) of section 2, the statement should relate to all the insurance business transacted by him and in the case of any other insurer should relate to the insurance business transacted by him in India.

(2) Where the allowance exceeds 20% of the salary or commission paid, the nature and particulars of such allowance should be indicated.

(3) For the purpose of this statement all categories of agents are to be included, provided the total remuneration paid exceeded Rs. 5,000 during the year to which the statement relates.

FORM XVI

(See Rule 38)

Summary of balance sheet and revenue account in respect of total business.

Revenue Account as at _____

Particulars	Rs.	Particulars	Rs.
Claim, annuities, surrenders and bonuses less reinsurances.		Balance of Fund at the beginning of the year.	
Expenses of management including commission.		Premiums and consideration for annuities, less reinsurances.	
Bad Debts.		Interest, dividend and rents less income-tax.	
Other items.		Other income.	
Balance of Fund at the end of the year.			
TOTAL:—	_____	TOTAL:—	_____

Balance Sheet for the year ending _____

	Rs.		Rs.
Life Insurance Fund.		Government securities.	
Other Funds.		Other Approved securities.	
Reserves.		Fictitious items and bad assets.	
Loans and Advances.		Other assets.	
Outstanding claims.			
TOTAL:—	_____	TOTAL:—	_____

S. RANGANATHAN, Joint Secy.

